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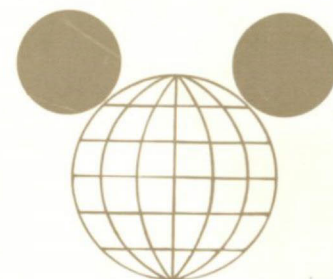
LOCAL HISTORY

DISNEY DEPOSITORY

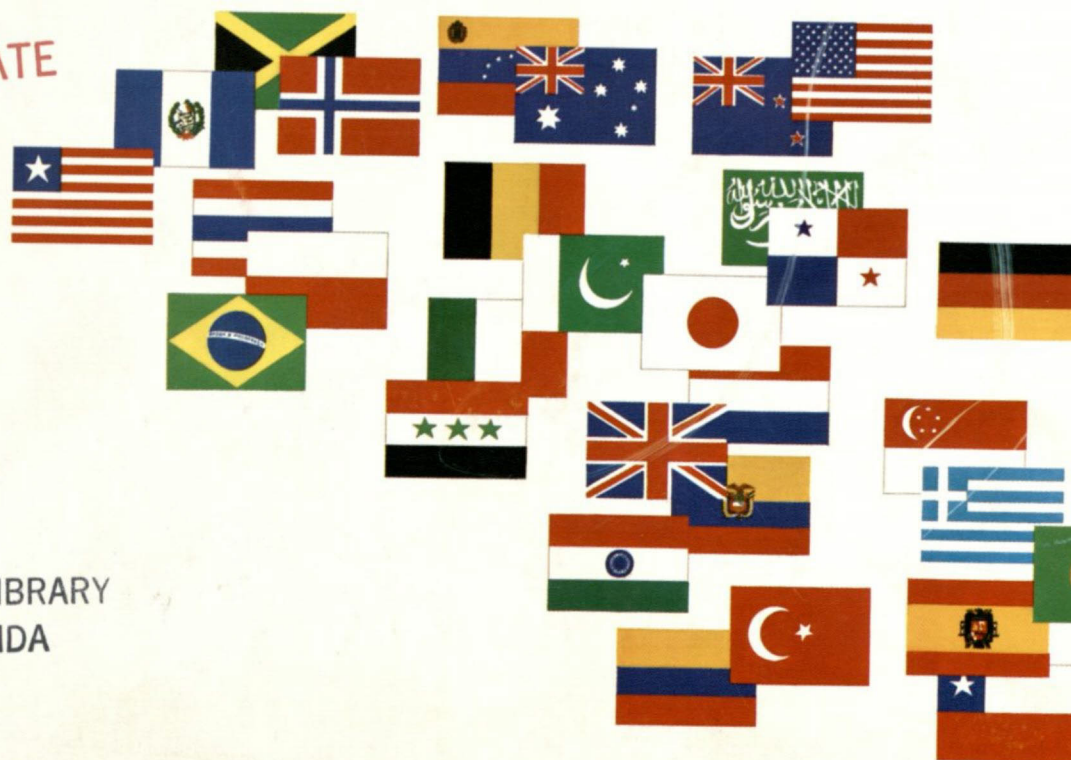


WALT DISNEY PRODUCTIONS *ANNUAL REPORT*

TO SHAREHOLDERS AND EMPLOYEES FISCAL YEAR ENDED OCTOBER 1, 1966



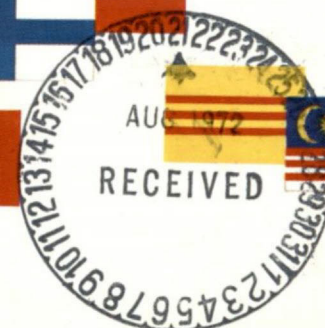
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On October 1, 1966, the National Association of Theatre Owners, representing more than 90 per cent of all movie theatres in America, presented a special citation to Walt Disney. Following is the complete text of this milestone "SHOWMAN OF THE WORLD" award.

"In a universe of unlocking secrets... creativity, diversion and recreation become symbols of man's civilized state.

*To bring us to this plateau, science and religion have probed the mind and the soul.
Entertainment has ministered to the emotions.*

*Above all others in a global configuration of The Showman of the World is one man.
He stands alone. His sensitivity to the visual delights is unequalled... even unchallenged.
His total involvement of the family is a credo. His uncompromising wholesomeness of subject matter and presentation give a mighty industry dignity and respect and recognition.*

But most of all, his uncanny ability to bring joy and gratification to young and old alike set him apart. He is known and loved in every land, in every tongue.

He is, indeed, the first... perhaps the only... Showman of the World.

He is, of course, Walt Disney."





THE DISNEY WORLD:

A look to the future

The past year has been one in which many groups around the world, both inside and outside the entertainment industry, have paid high tribute to our creative staff. For all these honors, we are all very grateful indeed.

In accepting the "Showman of the World" award from the people who own and operate the nation's theatres, I looked to the past, recalling some of the wonderful people in the theatre business who helped us get where we are today because they had faith in the things we did, from *Steamboat Willie* to the present day. There was always someone — some wonderful exhibitor or an understanding banker — willing to take a chance on another crazy Disney idea.

Today, I propose to look to the future . . . to tell you about some of the plans, and some of the philosophy, that makes us tick here in the Disney organization.

Many people have asked, "Why don't you make another *Mary Poppins*?" Well, by nature I'm a born experimenter. To this day, I don't believe in sequels. I can't follow popular cycles. I have to move on to new things — there are many new worlds to conquer.

As a matter of fact, people have been asking us to make sequels ever since Mickey Mouse first became a star. We have bowed only on one occasion to the cry to repeat ourselves. Back in the '30's, *The Three Little Pigs* was an enormous hit, and the cry went up — "Give





us more Pigs!" I could not see how we could possibly top pigs with pigs. But we tried, and I doubt whether any one of you reading this can name the other cartoons in which the pigs appeared.

We didn't make the same mistake with *Snow White*. When it was a huge hit, the shout went up for more dwarfs. Top dwarfs with dwarfs? Why try?

Right now, we're not thinking about making another *Mary Poppins*. We never will. Perhaps there will be other ventures with equal critical and financial success. But we know we cannot hit a home run with the bases loaded every time we go to the plate. We also know the only way we can even get to first base is by constantly going to bat and continuing to swing.

And so we're always looking for new ideas and new stories, hoping that somehow we'll come up with a different kind of *Mary Poppins*...or even a different kind of Disneyland.

As 1967 begins, we have high hopes that some of our current projects may measure up to this exciting challenge. Perhaps it will be a motion picture like *The Happiest Millionaire*. Perhaps it will be our so-called "Disney World" in Florida. Or perhaps it will be our year-round recreation facility in the High Sierra of California, Mineral King. On the pages that follow in this Annual Report, we'll try to tell you why we believe so strongly in each of these fascinating

projects, and many more our creative staffs are now producing.

You know, the Disney organization today has more than four thousand employees. Many have been with us over 30 years. They take great pride in the organization they helped to build. Only through the talent, the labor and the dedication of this staff could any Disney project get off the ground. We all think alike in the ultimate pattern.

We're all proud of the honors that many groups around the world have given us. And we're even more proud that the public — whether in theatres, at Disneyland, or in their own homes — continues to express its faith in the kind of family entertainment we produce.

I promise you that all the honors in the world won't go to our heads — we have too many projects for the future to take time out for such a thing.

WALT DISNEY

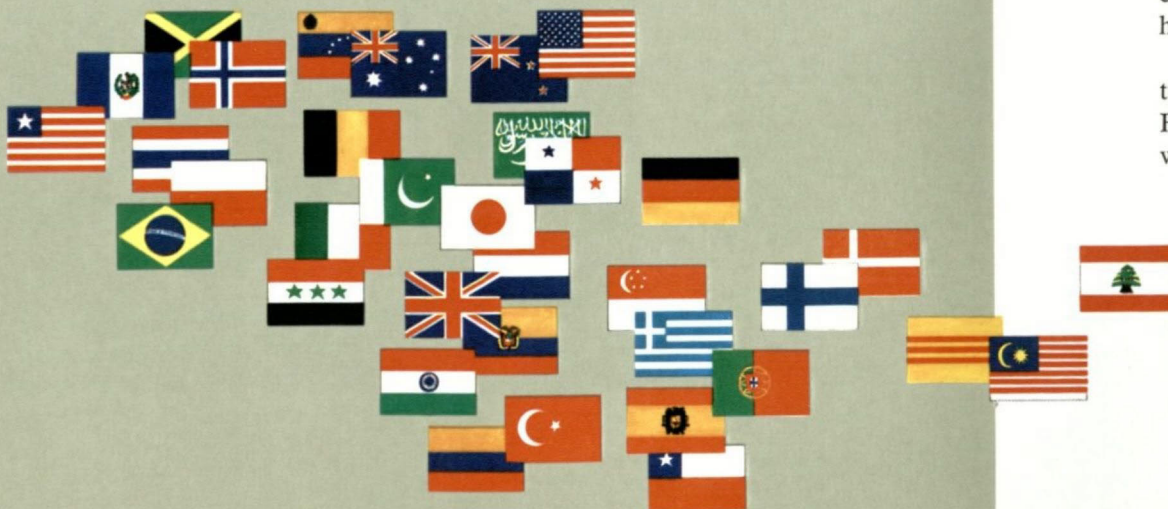


THE DISNEY WORLD:

*Wherever we go,
the organization is prepared*



Walt Disney Productions' wholly-owned subsidiaries, affiliates or representatives are located in Afghanistan • Algeria • Angola • Arabia • Argentina • Australia • Austria • Belgium • Bermuda • Bolivia • Brazil • Burma • Canada • Ceylon • Chile • Colombia • Costa Rica • Cypress • Czechoslovakia • Denmark • Dominican Republic • Ecuador • Egypt • El Salvador • England • Ethiopia • Finland • France • French Guiana • Germany • Greece • Guatemala • Guyana • Holland • Honduras • Hong Kong • Hungary • Iceland • India • Indonesia • Iran • Iraq • Ireland • Israel • Italy • Jamaica • Japan • Jordan • Kenya • Lebanon • Liberia • Malaysia • Mexico • Morocco • New Zealand • Nepal • Nicaragua • Nigeria • Norway • Okinawa • Pakistan • Panama • Paraguay • Peru • Philippines • Poland • Portugal • Puerto Rico • Rumania • Scotland • Sierra Leone • Singapore • South Africa • South Korea • South Viet Nam • Spain • Sudan • Surinam • Syria • Sweden • Switzerland • Taiwan • Thailand • Trinidad • Tunisia • Turkey • United States • Uruguay • Venezuela • West Indies • Yemen • Yugoslavia.



The continuing substantial increases in business at the box office and through our other enterprises throughout the world marked 1966 as the best year of our lives so far and, reflecting the steady growth and refinement of our organization and manpower everywhere, appears to set the stage for another fine year in 1967.

Most gratifying, in the year that followed the remarkable first run of *Mary Poppins*, was the performance of the new products Walt and the creative team have given us. Feature motion pictures like *Lt. Robin Crusoe, U.S.N.* and *That Darn Cat* turned in good grosses domestically during the year. And in various countries overseas, *Mary Poppins* continued to demonstrate its extraordinary drawing power.

At the same time, diversification of our activities kept the percentage of film rental income to gross income at the lowest level it has ever been, 45%.

During the past year, three major projects outside the motion picture and television areas received considerable attention. Both our Florida and Mineral King projects have taken important strides forward, as you will read later in this report. At Disneyland, the

\$45,000,000 development program for 1966 and 1967 moved steadily ahead toward completion.

One of the most significant factors in the company's progress picture has been the organizational story we are writing around the globe, stressing the development of our own personnel and strengthening our ties with those outside organizations which still handle distribution on a third-party basis.

In the United States we have an organizational development plan for creating good, young supervisory manpower for our future projects. At the same time, in the foreign field, we have a lot of fine young men learning our business in merchandising, in the distribution of theatrical product, the selling of films for television, and in the development of our music and record business. And our first activity in the sports world, Celebrity Sports Center in Denver, Colorado, provides still another area for training our future manpower.

Techniques we have learned in the United States and Canada in distribution are now being applied elsewhere, particularly where we are setting up wholly-owned systems, as in England, for example, Germany and Japan. Just as New York is headquarters for our Buena Vista sales and distribution organization in the domestic field, so is London for Britain and part of Europe, Frankfurt for Germany, Tokyo for Japan, and so on. In France the pattern is much the same. We support our Paris operation with a combination of our own personnel and third-party franchises.

Wherever we don't have a company, where it is not economical for us to operate alone, we have wonderful associates in distribution. They appreciate the effectiveness of the many things we do in selling

motion pictures through our use of advertising tie-ins, merchandising, publications, music, records, comic strips and television, this last rapidly becoming a major project in its own right around the Disney world.

But the move has been generally toward wholly-owned operations. Today our own employees sell directly and supervise film distribution in about 90 percent of the world market as compared with ten years ago when we sold only the domestic market. This has, of course, brought an ever-growing need for competent young people, and we have found to our gratification that our kind of family product and the creative quality of our thinking has brought us to the attention of the kind of young people we want to attract.

We have been consistently preparing for the future in two other very important areas, too: Florida and Mineral King. Plans for the physical development of these immensely important projects are still in the early stages, of course, but it is not too early to prepare ourselves with the kind of manpower we will need to give these complex and expensive projects the supervision and administrative control they will surely require.



President and
Chairman of the Board

Date
30 APR. 1966
Rigspolitiet
D Kastrup (17)

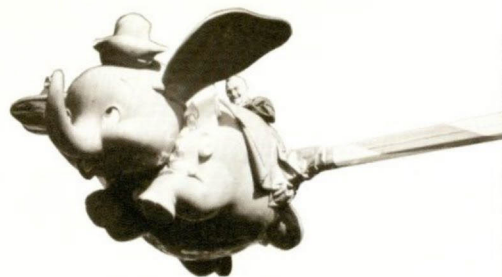
THREE MONTHS
IMMIGRATION OFFICER
* (3) *
19 SEP 1966
FOLKESTONE

Indrejst de
27 APR. 1966
Rigspol
D Kastrup

THREE MONTHS
IMMIGRATION OFFICER
* (3) *
19 OCT 1966

1966...





a trip around the Disney World

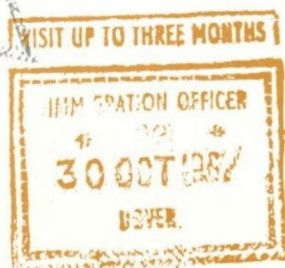
Once upon a time, not so many years ago, the only Disney famed 'round the world was Mickey Mouse.

The Italians first fell in love with *Topolino* in 1929; he is *Mickey Maus* in Germany, *Mikke Mus* in Norway, *Raton Mickey* throughout South America and just plain *Miki* in Turkey. He is Hollywood's most enduring star; we know of no other whose products (from films to T-shirts) earn more today than they did in the 1920's.

Yet Mickey today is only one of many things Disney that are viewed and read and purchased all around the world each year. Today's Disney products — motion pictures, television shows, books, records, merchandise, films for school and industry — have made Walt Disney Productions one of the entertainment world's most diverse companies.

Today, almost no country — including those behind the Iron Curtain — lies beyond the magnetism and the magic of Disney entertainment. Wherever they are — in homes around the corner, in theatres around the world, in schools, in stores and even in Flying Elephants — people everywhere know and love and buy Disney products.

On the following pages, we welcome *you* aboard for a trip around the world . . . a journey around the wide and growing world of Walt Disney Productions.



Motion Pictures



Few American films are as international in their appeal as almost every picture produced by Walt Disney. During most years, the company's foreign department (and overseas third parties) are called upon to translate Disney films into French, Italian, German, Danish, Dutch, Swedish, Norwegian, Spanish, Portuguese and Japanese. On special occasions, Disney motion pictures have even traveled across the seas with such exotic translations as Cantonese and Mandarin.

In 1966, of course, our major motion picture story around the world continued to be *Mary Poppins*. In fact, the nations stamped on *Mary Poppins'* passport now total 39, including 19 last year. During the fiscal year, *Poppins'* longest foreign runs came to an end, including 67 weeks in Melbourne, Australia; 63 weeks in Sydney, 43 weeks in Copenhagen, 42 weeks in London and Paris, 41 weeks in Stockholm, 33 weeks in Berlin and 26 weeks in Tokyo and Brussels.

Perhaps the highlight of *Mary Poppins'* world release was a non-revenue producing event in July, 1965—two performances at the Moscow Film Festival that brought down the Soviet house with standing ovations. But more substantially, the foreign gross achieved by this extraordinary film during 1966 added another \$8,300,000 to company income. The final estimated gross for *Mary Poppins* on her first trip around the world is \$47 million.

The immediate result has been the biggest year for foreign sales of Walt Disney theatrical films in the company's history. Altogether, 47 different Disney pictures were released to theatres around the world during 1966. In the countries in which they were released, 41 of these films were making their debut, while six were back for a second or third visit. Disney films played in 37 different foreign lands during 1966.

Among the films performing overseas last year were *The African Lion*, *In Search of the Castaways*, *Summer Magic*, *Gala Day* at

Disneyland, *The Waltz King*, *Dumbo*, *The Moon-Spinners*, *Ballerina*, *Babes in Toyland*, *Incredible Journey* and *Sammy, the Way Out Seal*.

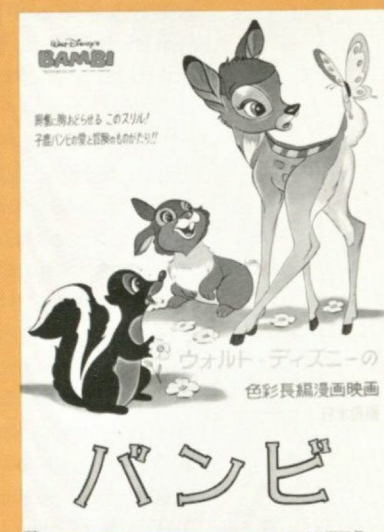
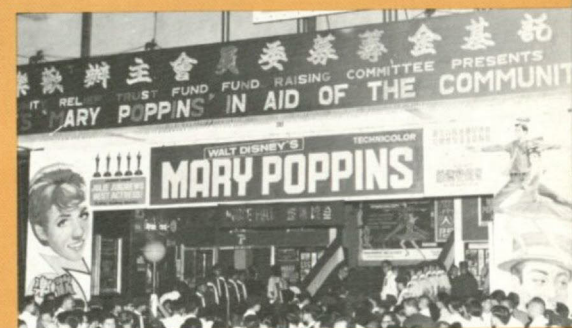
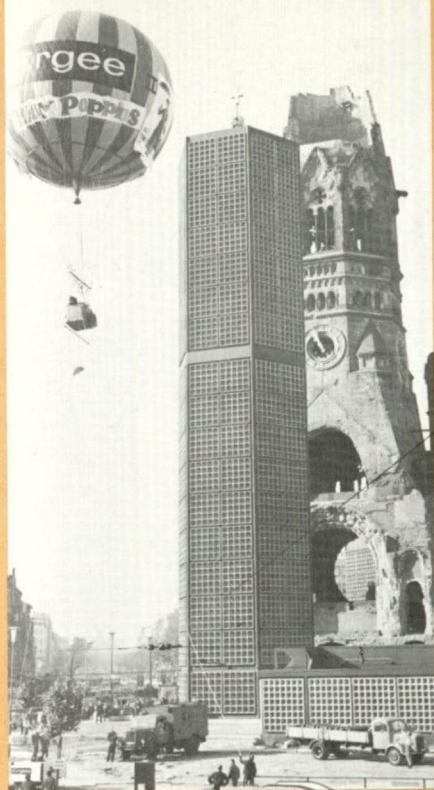
Not all of these films were released in the United States as theatricals. Some were two-part television shows, combined into one feature-length story for foreign release.

Foreign distribution of Disney theatrical films generally follows the pattern established in the United States: six motion pictures each year to every nation, at least one a feature-length cartoon. A new release reaches foreign countries about a year after its American premiere, except in the United Kingdom where the opening closely follows domestic dates.

1966 was a banner year for Disney films in the United States as well as overseas. Embarking on an unprecedented early return engagement in mid-summer, *Mary Poppins* rang up another \$4.1 million gross at the domestic box office.

But this time around, here at home, *Mary Poppins'* fine second year gross was exceeded by several other Disney films. Results thus far indicate that *That Darn Cat* will wind up its American release by grossing \$9,000,000 in the United States. Estimated domestic grosses of the other new releases for 1966 include *Lt. Robin Crusoe, U.S.N.* (\$8,000,000), and the combination of *The Ugly Dachshund* and *Winnie the Pooh* (\$6,200,000). And in its fourth release *Bambi* has won the hearts of a new generation that will pay more than \$4 million in the United States alone, compared to the \$1.3 million *Bambi* grossed in the U.S. as a newcomer in 1940.

With the "total marketing" teamwork among Disney people around the world, the company continued to generate maximum promotional impact in music, publications and character merchandising, contributing significantly to the success of Walt Disney films at theatre box offices throughout 1966.





Publications

Mary Poppins' visit to Russia last year for two special screenings at the Moscow Film Festival was a rare experience. For one of the few times in its unprecedented trip around the world, no Disney publication had preceded the picture into this foreign land.

Today, hardly a Disney film reaches a major port of call without its story already familiar to millions of potential theatre-goers. In 1966, for example, the company published 29 different "one-shot" (one-time-only) magazines in support of 14 different motion pictures, and sold them in 67 nations.

Although publications issued in support of a picture are important to the success of an individual film, they represent just a small percentage of the company's total publications business. Through our licensees, Walt Disney Productions now publishes magazines in 23 nations. Altogether, our licensees sell 42 magazines and distribute them in 67 countries, on a regular weekly or monthly basis. Printed in 20 languages — ranging from Arabic to Japanese — Disney magazine circulation exceeds 15,000,000 each month.

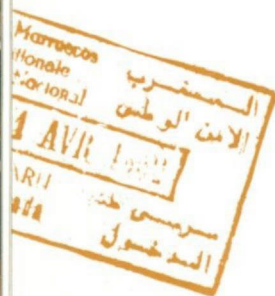
Titles of these publications reflect their international character.

They range from *O Pato Donald* (Brazil) to *Walt Disney Komiks* (Philippines), *Disneylandia* (Chile) and *Samir Walt Disney* (Egypt). The largest is *Donald Duck* — the Dutch, not the American version. Its circulation exceeds 400,000 per weekly issue, or 1,738,213 copies each month. Not far behind are *Le Journal de Mickey* (France — 1,652,924), *Mickey Maus* (Germany — 1,482,160) and *Topolino* (Italy — 1,221,302).

Month in and month out, 485,204 Australians, 855,409 Swedes, 897,478 Mexicans, 983,342 Brazilians, 2,036,882 Italians, etc., purchase Disney magazines.

Books, too, are an important part of the Disney publishing stable. Today, the company contracts with 59 publishers around the world. The various formats range from deluxe editions like *Our Friend the Atom* (about \$4.95) to the tiny European "Mini Books" (10¢).

Disney books are printed in 26 countries, published in 19 languages, and distributed even behind the Iron Curtain in Yugoslavia, Hungary and Rumania. At last count, there were 650 separate Disney book titles.





Merchandising

Disney character merchandising activities around the world continued to expand during 1966. Today the company has merchandising representatives in 26 nations supervising licensing programs that include contracts with 998 foreign and 91 domestic manufacturers. Through these licensees, Disney character merchandise—games, toys, clothing, stuffed dolls, cutlery, sports equipment, furniture, costume jewelry, etc.—is sold by the boatload in almost every free nation.

Perhaps as many as 5,000 different items of Disney character or themed merchandise are on sale around the globe. Walt Disney Productions prides itself in the fact that many of the manufacturers have been associated with Disney products for more than 30 years, including U.S. Time (Mickey Mouse watches), Oak Rubber Co. (balloons), Parker Bros. (games), Western Publishing Co. (books and games), Florida Citrus Canners Co-op (Donald Duck Orange Juice) and Hachette and Mondadori Editore (French and Italian publishers, respectively).

A typical merchandiser's day around the Disney World in 1966 was a blending of company licensed products and company coordinated promotions. For example:

RCA dealers throughout Canada offered Disney toys to build their in-store traffic and support sponsorship of Walt Disney's *Wonderful World of Color* on the CBC network. Johnson & Johnson of England marketed its baby powder in a *Winnie the Pooh* contest wrapper, distributing it just before the picture's release there. Ron-Ron, a French cat food maker, bought a full page color ad in *Paris Match* for an endorsement by (and for) *That Darn Cat*, opening in theatres across France. And Pepsi-Cola lined the California freeways with billboards backing its "win a trip to Disneyland" contest.

And so it went last year. Just as they have in the United States, companies in growing numbers throughout the free world have recognized the values of association with Walt Disney, and the public's confidence in the quality products that bear his name.

This new and growing side to the company's established character merchandising business is a significant marketing factor in the overall Disney sales effort, for it is aimed at achieving every potential dollar for every one of the company's major products. In the tie-ins cited here, for example, the advertiser's campaign was usually timed to precede or coincide with the company's own sales effort for a specific box office release.

Records/16mm Films



MUSIC AND RECORDS. When *The Happiest Millionaire* sings and dances its merry way into the hearts of audiences around the world this year and next, it will be no accident that many people go to the theatre humming the picture's happy tunes. Such has been the growth of the Walt Disney Music Company (with its "Disneyland" line of children's records and the "Buena Vista" label for adults) that today the company not only saturates the domestic market, but is also an international manufacturer of records.

More than enough music comes out of Walt Disney motion pictures each year to assure a continuous flow of new material, along with proven classic hits from the past. As manufacturer and prime distributor of its own recordings, the company can operate more independently, controlling its own destiny and strongly backing each new or re-issued theatrical release.

Walt Disney Productions began producing its own labels in France and Italy in 1965, and effective January 1, 1967 began manufacturing its own records in England, Germany, Canada and Australia. During the past year, Disney licensed records were distributed in 26 countries.

Two years after the film's release, *Mary Poppins* records and music publishing continued to lead the way, with sales of various Disney recordings (original sound track and children's LP's) now topping five million copies world-wide. *Poppins*, in fact, was still the

motion picture industry's third best selling sound track album.

But perhaps more significantly, sales of our standard catalogue in the Disneyland children's line rose 37 percent in 1966. With a growing direct mail business (more than 100,000 customers last year for a Disney "library" of songs); the popular "storyteller" line combining Disney music and art in a storybook format; and standard albums and singles, the company has become the dominant factor in the children's record field.

16mm FILMS. No company in entertainment annals has reached out and touched so many people in so many ways as has Walt Disney Productions. One of the least known ways is the company's 16mm Film Division. Growing (up 28 percent last year over 1965), it is the company's major entry in the field of educational films—although almost every one was produced for release to a general theatre audience.

An estimated 55,000 different 16mm prints of Disney films (ranging from *Donald in Mathmagic Land* to *Bear Country*, *You the Human Animal* and *Man in Space*) are currently in circulation around the world. More than 2,500 clients rent or lease these films each year, including school systems, public libraries, auto clubs, universities, health departments, forestry and park groups, financial institutions, industries and nearly 1,000 other organizations.

Disney 16mm films have been translated into 14 languages and

Comic Strips/Television



shown in 56 countries. Sample overseas clients: Turkey's Ministry of Education (*Secrets of the Bee World*), Esso Oil Company of Germany (*Mars and Beyond*), and various electric utility companies in Latin America (Spanish and Portuguese versions of *Our Friend the Atom*).

Also available from the 16mm Division are film strips and the newer Study Prints, full color posters that carry simple safety lessons for elementary grade children.

COMIC STRIPS. One of the more popular ways the name Walt Disney remains always in the public eye is through the company's syndicated comic strips, appearing daily and Sunday in 1,573 newspapers in 60 nations.

Donald Duck is home delivered in Greek in the *Athens News*, Uncle Remus spins his tales in Danish in Copenhagen's *Det Ny Dansk Familieblad*, and the True Life Adventures are regular features of papers in Belgrade, Yugoslavia and Lae, New Guinea. You can chase Scamp from Buenos Aires to Istanbul, and Mickey Mouse hasn't had a day off 'round the world in 36 years.

Like all things Disney, comic strips also support current motion pictures. In a colorful Sunday feature called "The Treasury of Classic Tales," the stars and the story of each forthcoming Disney film are previewed in an entertaining 13-week series appearing in many of America's biggest newspapers.

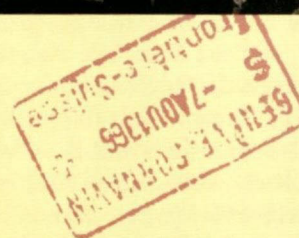
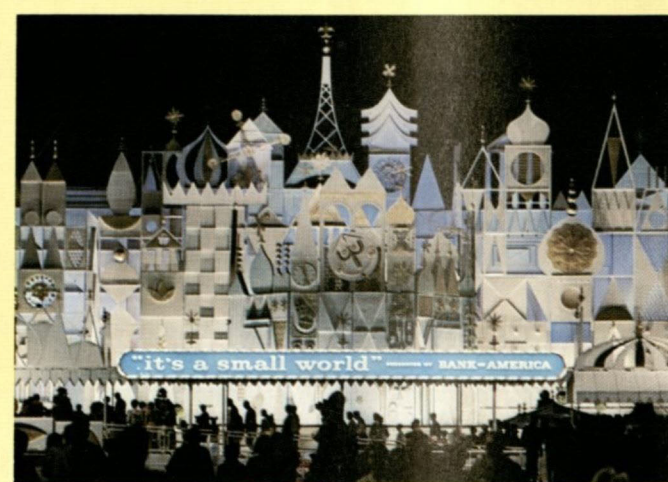
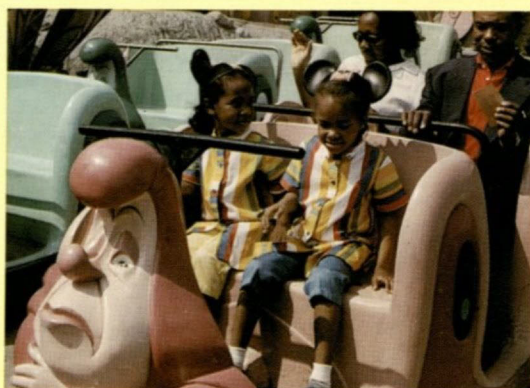
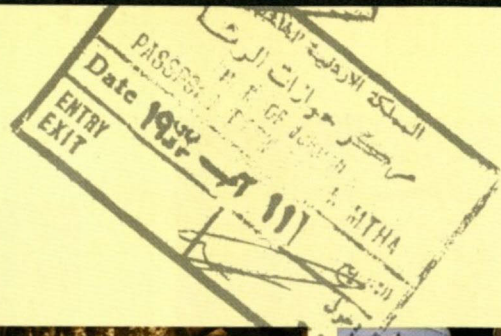
TELEVISION. Today's American in Paris is likely to feel right at home when he flips on the *televiseur*. Since 1958, several million Frenchmen each week have been tuning in that uniquely universal hour show, *Disneyland*.

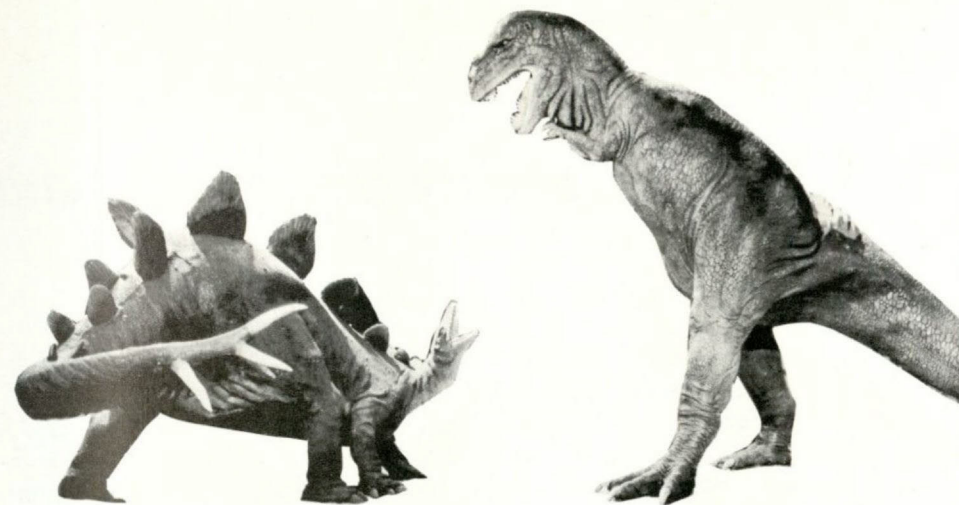
Those who wonder where in the world the *Disneyland* shows have gone will find them (and often the *Mickey Mouse Club* and *Zorro*) on the air in 28 different nations. Best estimates place the total foreign audience that tunes in to a Disney show each week at about 50,000,000 — roughly equal to the weekly audience in America and Canada for Walt Disney's *Wonderful World of Color*.

Today, Disney television shows are translated into a dozen languages, shipped to every continent, and even (beginning with the 1966-67 season) broadcast in color in Japan and Canada, as well as the United States, where it has appeared in color since 1961. Some recent newcomers to Disney television are Uganda, Nigeria, Yugoslavia, Chile, Spain and Trinidad.

A promising concept in the foreign TV marketplace is the new *Disney Wonderland* show. Broadcast twice each week in England, it combines material from the *Mickey Mouse Club* with a live studio master of ceremonies, aiming for the early evening children's audience. Reaction so far has been excellent, so other foreign lands may see this kind of Disney show format in the near future.







Disneyland



While Disney films and merchandise were crossing the seas in record numbers during 1966, perhaps the biggest records were being set right here at home, at the one place in the Disney World where the customer himself does the long-distance commuting. And travel they did, arriving at Disneyland from every state in America and more than 100 foreign lands — despite the six-week airline strike.

Drawn by the magnetism of three major new attractions designed by WED Enterprises, Disneyland attracted a record 6,704,495 visitors in the year ended October 1, 1966. By comparison, attendance was 6,356,238 last year and 5,933,847 in 1964.

As this report goes to press, the Magic Kingdom's 1967 fiscal year was off to another spectacular start. Through the traditionally slower months of October and November, 1966, Disneyland's paid attendance was up substantially over the comparable 1965 period.

The addition of new high capacity attractions has enabled the Park's staff to continue welcoming mass audiences with the world-famous Disneyland hospitality and efficiency. In 1966, there were three such capital additions:

IT'S A SMALL WORLD. Walt Disney's hit show came home from the New York World's Fair with a new sponsor (Bank of America) and quickly became number one in summer attendance among the Magic Kingdom's 50 attractions. From its opening day May 30 through October 1, "Small World" attracted 2.7 million paying guests, or 66 percent of all visitors to Disneyland during that period.

"The happiest cruise that ever sailed 'round the world" is now at home in a dazzling Fantasyland setting, where the world's happiest

clock actually "performs" the time every 15 minutes.

PRIMEVAL WORLD. Viewed from trains of the Santa Fe & Disneyland Railroad, the Primeval World re-creates (through the life-like Audio-Animatronic process) the age before man, when huge dinosaurs roamed the swamps, and volcanos violently changed the face of the land. Following the opening of the Primeval World, train attendance jumped 56% over the comparable 1965 period.

NEW ORLEANS SQUARE. Most significant, perhaps, was the creation of Disneyland's first "new land" since opening in 1955. New Orleans Square is the old queen city of the delta, as it was a century ago (romantically speaking). Along its winding streets and in sheltered courtyards are fine shops and restaurants that are shows in themselves — each a distinctive complement to the Park's attractions and adventures.

Distinguished shops range from Mlle. Antoinette's Parfumerie (where ladies may blend their own perfumes) to the magnificent "One of a Kind Shop," displaying hundreds of antiques and collectors' items ranging in price from a few dollars to several thousand.

In 1966, Disneyland's special events and seasonal activities continued to enjoy remarkable success. Youth Days, Valentine Dance, and Spring Fling set records, and the eighth annual New Year's Eve Party (soft drinks only) was a sell-out again. Five all-night graduation parties for high school seniors attracted 55,279 from 185 schools — nearly 50 percent of the graduates in Southern California. And the exciting show-on-parade called "Fantasy on Parade" proved so popular that it has now become a Christmas season annual event.



THE DISNEY MAGIC CYCLE: *Snow White* is back again...



the second, third, fourth . . . yes, and even for the fifth time.

Snow White is back again . . . still the fairest of them all.

In four previous trips around the world, 160,000,000 people have thrilled to the Disney magic of the beautiful young princess and her seven beloved friends of the forest. In successive releases, worldwide film rental for *Snow White and the Seven Dwarfs* was \$8,498,000 in 1937; \$3,175,000 in 1944; \$3,786,000 in 1952; and \$5,680,000 in 1958. And in 1967, we estimate that *Snow White* will gross another \$5,000,000 in the United States alone.

Few motion pictures have generated the sale of so many ancillary products. "Whistle While You Work," "Heigh Ho," "Some Day My Prince Will Come," "I'm Wishing" and all the other songs have sold an estimated 50,000,000 records over the years. Books, comics, games, toys and other merchandise based on *Snow White* have sold a grand total of more than 115,000,000 units. More than 14,000,000 people have taken the Disneyland ride through Snow White's Adventures, and perhaps as many as 20,000,000 have viewed the ice shows and stage shows in which the characters from *Snow White* have appeared 'round the world (with attendant royalties to Walt Disney Productions).

Applying its unique "total marketing" concept, the company treats each re-issue as if it were a new product, with all the promotion, publicity and exploitation that normally backs a first-time release. In 1967, our licensee, Western Publishing Company, will offer 15 different items (books, games, puzzles, etc.) based on the *Snow White* characters, with sales projected at 4,000,000 units. Forty other man-

The year is 1937. Just nine years before, a Mouse named Mickey had tooted his way to stardom in the first cartoon with sound, *Steamboat Willie*. Encouraged by the success of the *Silly Symphonies* of the '30's, Walt Disney announced plans to create the first feature-length cartoon. It would be called, *Snow White and the Seven Dwarfs*.

Word was hardly out before the critics rose in chorus. No one, they said, will sit through a cartoon an hour and one-half long.

Three decades later, as 1967 begins, a new generation of children is about to sit through that very cartoon, an unabridged 83 minutes, for the first time. And an older generation — now teenagers, now young marrieds with children of their own, now grandparents with grandchildren in tow — is about to step up to theatre box offices for



still the fairest of them all

ufacturers will produce 5,000,000 additional sales of items ranging from toys to children's clothing to *Snow White* records.

"Snow White's Christmas Surprise," a four-week story comic strip, has already launched the campaign, appearing in 300 newspapers as the company's annual holiday special for 1966. And, of course, the timeless songs and music from the film will once again receive a fond welcome in stores, on hundreds of radio stations and in thousands of homes across the land.

Perhaps the most significant marketing fact of this, *Snow White's* fifth trip across the United States, is the variety of promotions (and size of the advertising budgets) that major companies will offer as tie-ins with the Disney film. Many national manufacturers will offer *Snow White* premiums, packages and promotions, making this the biggest-ever coordinated program for a re-release. In fact, the line-up is so impressive that already (before the campaign really begins) it is as big or bigger than the tie-in campaign that backs a brand new Disney release.

The significant fact is that, just as an established Walt Disney classic means guaranteed box office appeal for a theatre exhibitor, it also offers manufacturers a guaranteed, tested value that has already proven its mass appeal.

Take the case of Proctor and Gamble. None of that company's products reaches the marketplace without pre-testing on a significant scale. Because motion pictures generally cannot offer a pre-sold product, P&G seldom if ever has run a motion picture tie-in. That was before *Snow White*, a proven, tested, guaranteed popular Disney

film. And so in 1967, Proctor and Gamble will back one of its major brands with a significant national contest—built around a *Snow White and the Seven Dwarfs* theme.

In similar fashion, National Biscuit Company (Nabisco cereals), Standard Brands (for Royal Gelatin) and Heinz Foods will promote *Snow White* with more than \$1,000,000 in tie-in advertising. National advertisers and agencies accept the proven fact that a Walt Disney classic film will generate the same excitement and instant recognition with the current generation as it had with the one before.

The total impact of *Snow White and the Seven Dwarfs* upon the world's population is almost impossible to gauge; surely, through all methods of communicating with the public, *Snow White* has created literally hundreds of millions of impressions.

And yet this extraordinary performance is but typical of the timeless magic of Walt Disney entertainment. We call the re-issue of these classics the Disney *magic cycle*. For just as *Snow White* is doing in 1967, these ever-popular films come back again and again, as fresh and new to a new generation as the day they first proved to a chorus of critics that audiences will indeed sit through a feature cartoon lasting an hour and one-half.

And in future years, these Walt Disney feature-length classics will join *Snow White and the Seven Dwarfs* to return again and again for the enjoyment of coming generations: *Pinocchio*, *Dumbo*, *Bambi*, *Song of the South*, *Cinderella*, *Alice in Wonderland*, *Peter Pan*, *Lady and the Tramp*, *Sleeping Beauty*, *One Hundred and One Dalmatians* and *The Sword in the Stone*.



1967
MOTION
PICTURES

Comedy, classics, a major new animated feature and a musical in the tradition of *Mary Poppins* — 1967 has all the ingredients to make it the happiest year of them all for Walt Disney motion pictures. And heading the list of reasons why is

THE HAPPIEST MILLIONAIRE

Overflowing with 12 exciting new songs and more than 80 minutes of musical sequences, *Millionaire* is getting the red carpet treatment: it will become the first Disney film ever scheduled for world-wide release on a reserved seat policy. Opening night is June 23 exclusively at the Pantages Theatre in Hollywood.

Seventeen other cities will play it beginning October 9.

A Broadway-style musical comedy, *The Happiest Millionaire* brings to life the riotous realm of eccentric millionaire Anthony J. Drexel Biddle — his household collection of live alligators, the boxing and jujitsu matches in his stables, the Biddle Bible classes, and his children's warm romances. Fred MacMurray, Tommy Steele, Greer Garson and Geraldine Page are starred, with Gladys Cooper and Hermione Baddeley in co-starring roles. And it will introduce a new romantic team — Lesley Ann Warren and John Davidson.

Singing and dancing its way from the heights of 1916 society to the raucous brawls of a Philadelphia pub, *Millionaire* is sure to be one of the most highly acclaimed motion pictures of the year.



MONKEYS, GO HOME!

February Yankee ingenuity (Dean Jones), French diplomacy (Maurice Chevalier) and a Parisian delicacy (Yvette Mimieux) join four Astro-chimp dropouts to drive a little French town right out of its olive-picking mind.



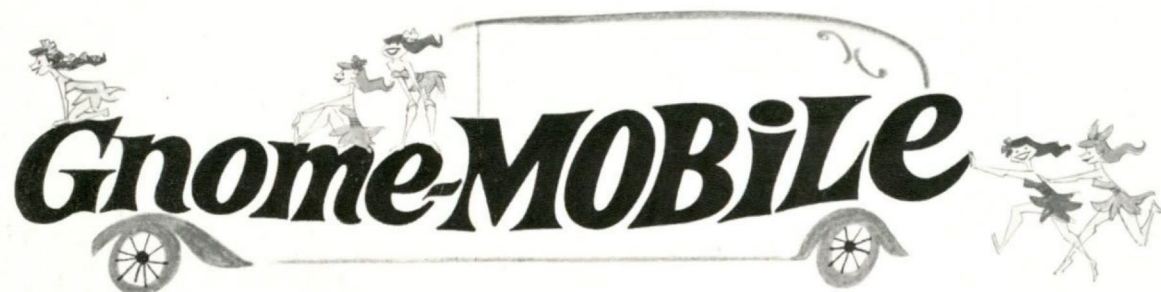
Snow White and the Seven Dwarfs

June The world's most beloved and famous cartoon classic returns for the fifth time to delight a new generation with its ageless charm and beauty.



Easter Here's a big, broad action comedy with a chain of wacky adventures that make a wild western spoof out of California's gold rush days. Roddy McDowall, Suzanne Pleshette and Karl Malden star in this way-out farce that co-stars Harry Guardino, Richard Haydn and Hermione Baddeley.

July In a dual role as Grandfather and Gnome-Grandfather, Walter Brennan stars in a very tall tale about very short people. Set in the majestic redwood country, the story follows the wonderful and whimsical adventures of a lumber tycoon and his grandchildren, in search of a lost colony of gnomes. Also starring are Tom Lowell and those Mary Poppins kids, Matthew Garber and Karen Dotrice.



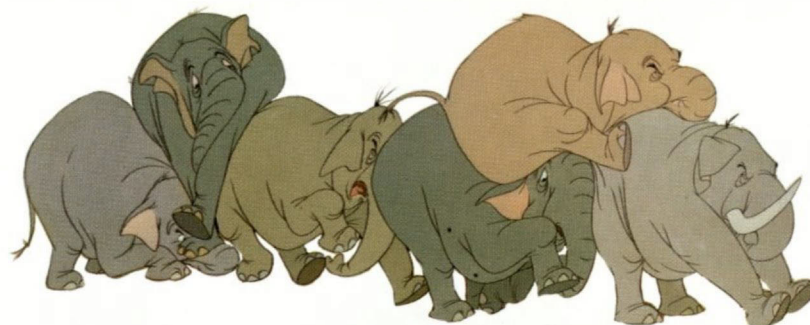


The Absent-minded Professor

The SHAGGY DOG



May It's a double-header wow of a program as two of the most hilarious (and successful) Disney comedies are combined on the same bill to greet old friends and gain new fans. Fred MacMurray stars in both laugh riots.



The Jungle Book

The funniest full-length cartoon ever — that's the happy judgment of audiences who have seen rough cuts of the classic Kipling tales, now getting the final Disney touches for Christmas release. Suspenseful, hilarious and filled with happy songs, *Jungle Book* has that broad audience potential; it will appeal to young and old alike.

This is the story of Mowgli, the man-cub raised by wolves, who wants to continue life in the jungle among the animals he knows and loves. It's those animals — the comical cartoon characters and their famous voices — who give this film "personality." There's Phil Harris as Baloo, the happy-go-lucky bear; Sebastian Cabot as Bagheera, the stern panther; Louis Prima as King Louie, the ape; George Sanders as the tiger, Shere Kahn; Sterling Holloway as Kaa, the sneaky python; and J. Pat O'Malley as the pompous elephant, Colonel Hathi.





Walt Disney's *Wonderful World of Color* continues as a perennial favorite among family audiences, retaining its familiar spot in the Top Ten ratings. So popular has the show proved over the years that once again, NBC has officially extended the program's contract through the 1968-69 season.

During the current year, 207 stations in the United States and the Canadian network (CBC) are beaming Walt Disney's *Wonderful World of Color* to an estimated audience of 50,000,000 people each week. Thus the show continues not only to offer quality entertainment, but additionally to present the company's name and the talents of its staff to a mass audience every week.

The importance of this kind of public exposure — one in which the audience invites you into its home — cannot be overstated, and its impact on the company's other activities is significant. For example, Walt Disney's interest in bringing nature subjects to the public — proven in motion pictures and continued in television — played an important role in the Forest Service's choice of Walt Disney Productions to develop year-round recreation facilities at Mineral King.

The 1967-68 television season will mark the fourteenth anniversary of the Disney anthology series, and it promises to be one of the most varied, with live action, nature subjects and animated features.

Among the shows already set for 1967-68 are *The Tattooed Police Horse*, a drama about harness racing; the two-part *My Family is a Menagerie* about a beautiful widow over-run with friends from the animal kingdom; a touching nature story about *The Not So Lonely Lighthouse Keeper*; the tale of teenagers who befriend birds and animals only to discover that in every one there is a *Wild Heart*; and a sequel to the popular and highly rated *Gallegher* shows entitled *Gallegher Goes West*.

In the realm of animation, Ludwig von Drake returns in a combination live-action and animated hour appropriately titled *Nature's Strangest Oddballs*. Other cartoon features include *How the West was Lost*, and *The Little Ranger of Brownstone Park*, starring Ranger J. Audubon Woodlore.

Many prime shows remain in the current television season, including a story of soaring sailplanes called *The Boy Who Flew with the Condors*; the three-part *Atta Girl, Kelly!* filmed at the school for seeing eye dogs in Morristown, New Jersey; *A Salute to Alaska*, honoring the 100th anniversary of the purchase of Alaska from Russia; and the one-show nature combination of *Beaver Valley* and *Seal Island*.



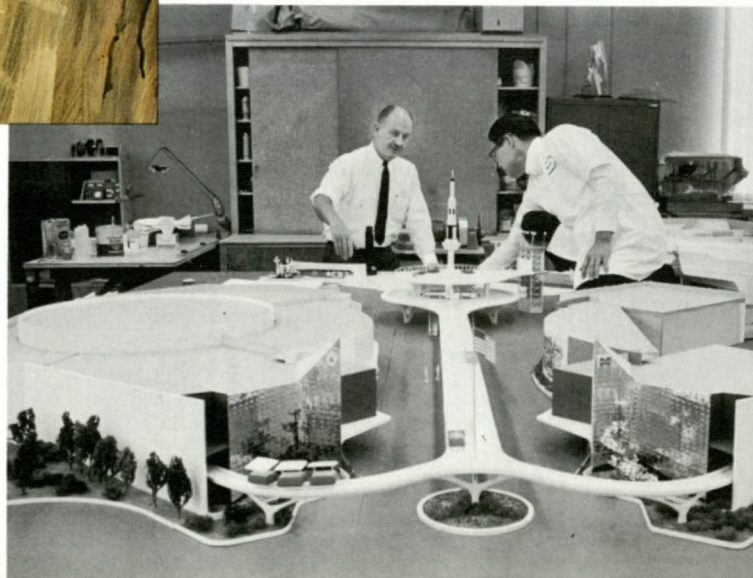
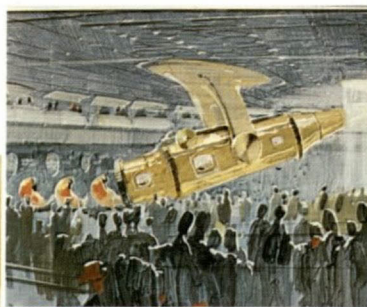
Step into the future... a whole *New Tomorrowland*

When future reviews are written about the important milestones in Disneyland's history, 1967 may rank with the Park's opening day at the top of the list. Never before have so many major companies placed so much faith in the ability of the Disney organization to communicate with the public through shows and exhibits at Disneyland.

In summer, 1967, the result of nearly three year's planning by Walt Disney and the staff of designers, architects and engineers at WED Enterprises, will be unveiled. *New Tomorrowland* will be nearly twice the size of yesterday's Tomorrowland. Substantial investments are being made in this new area of the Magic Kingdom by four major corporations:

THE BELL SYSTEM. An all-new version of the popular "America the Beautiful" film will completely surround the audience with the excitement and spectacle of Hawaii, Alaska, our national parks and other American wonderlands and playgrounds. Produced for the Bell System by the Studio, and filmed in the company's new Circle-Vision 360° process, it will be viewed inside a new theatre accommodating 1,000 people—three times the capacity of the Bell System's former Disneyland show.

DOUGLAS. The Disney staff is working closely with Douglas engineers and scientists to create an all-new space adventure for New Tomorrowland. Aboard a simulated space ship, Disneyland astronauts will feel the pull of gravity at blast-off, experience the sensation of



"floating" weightlessly, and see a "moon colony" settled on the distant lunar landscape.

MONSANTO. The incredible universe of *inner* space will unfold as you travel through Monsanto's "Magic Microscope" into the world within a tiny snowflake. As you ride the Monsanto "Atomobile" into the vastness of this timeless realm, crystals appear as enormous walls of ice . . . and *you* will shrink to a size where even the nucleus of a tiny atom appears as a giant sun. All the magic skills of WED *imagineering* will be called on to create this startling illusion.

GENERAL ELECTRIC. The theme "progress through electricity" will come to life in a warm and humorous theatre show that takes you right into the American home of the 1890's, 1920's, 1940's and today. Featuring a family of the amazing Audio-Animatronic performers, this is the same hit show that attracted 15.8 million people to General Electric's Progressland at the New York World's Fair.

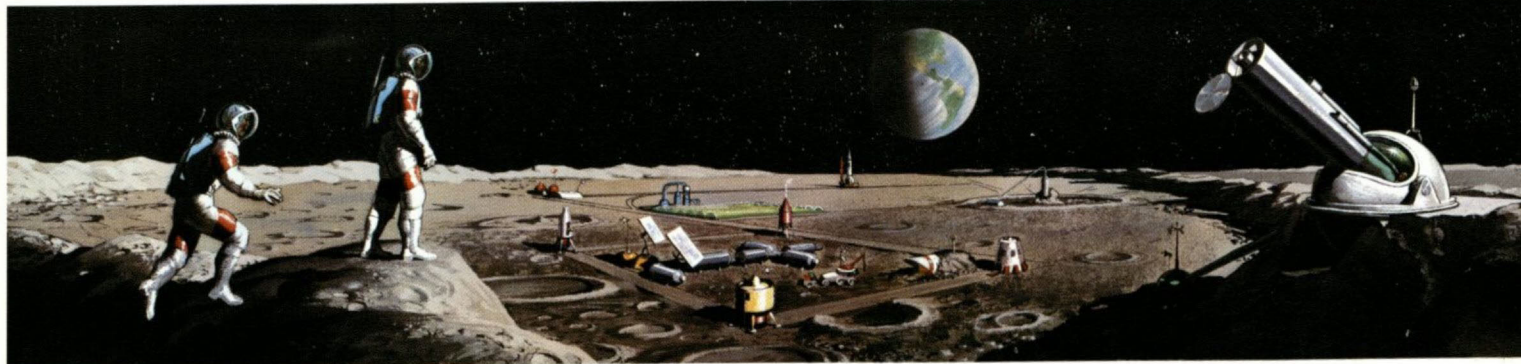
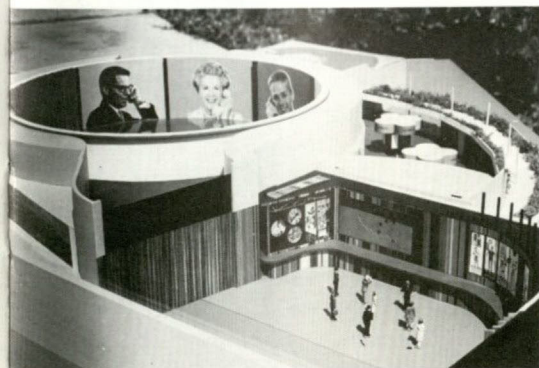
In keeping with its invitation to "step into the future," New Tomorrowland will also introduce the *WEDway People Mover*, a new transportation system that may well revolutionize nationwide thinking about travel within our cities.

The People Mover is a silent, all-electric transit system that moves non-stop . . . continuing to move even as passengers board and disembark from a rotating platform. It will carry visitors on a scenic tour of all Tomorrowland, travelling directly through the pavilions of industry to preview each attraction for People Mover passengers.

These attractions, together with a new restaurant-dance pavilion complex, will open in summer, 1967. A second phase of new Tomorrowland—featuring a "space mountain" towering 20-stories high—will open in 1968.

Pirates of the Caribbean

No Disneyland adventure has challenged the imagination and many talents of Walt's team at WED as has the fabulous *Pirates of the Caribbean*. Those who have seen previews predict that guests will return again and again to sail with the wildest crew that ever sacked the Spanish Main—dozens of Audio-Animatronic buccaneers who bombard and burn and loot a seaport village. Opening is scheduled for April, 1967.





FUTURE: PROJECT FLORIDA

In November, 1965, Walt Disney announced the purchase of 27,443 acres of land near Orlando, Florida, as the site for a so-called "Disney World" project. On this 43 square mile parcel, twice the size of Manhattan Island, Walt Disney Productions proposes to build not only a recreation and entertainment complex but a community whose impact upon the quality of urban life will be measured for generations to come.

Preliminary plans for Disney World — and a review of local legislation necessary to make the project a reality — will be revealed at a public hearing called by the Central Florida legislative delegation in Orlando during the first week of February, 1967.

During the past year, a detailed program of research and preparation for this enormous project has moved steadily forward. Among these activities was the formation of the Reedy Creek Drainage District, a legal entity which makes it possible for the company to reclaim and prepare its property for subsequent development.

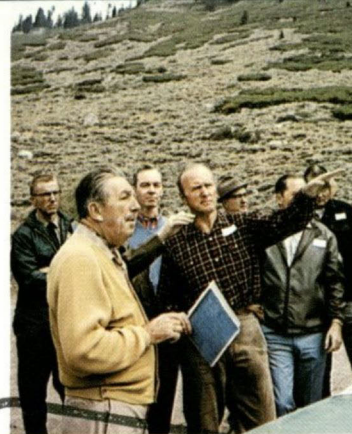
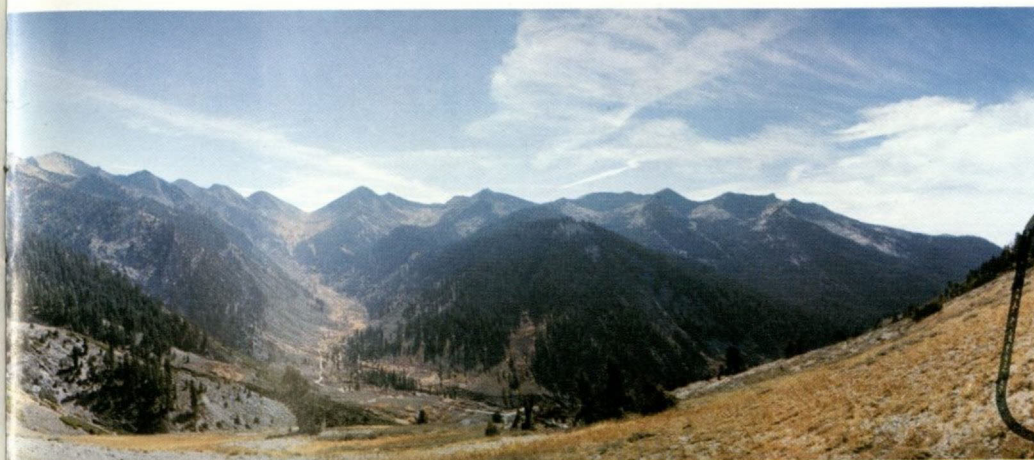
Company representatives have worked closely during the year

with state and county officials, to prepare legislation clarifying legal matters vital to the success of the project. These will be presented to the Florida Legislature during its 1967 session.

In addition, the state of Florida has begun planning and design of roads and major interchanges which will provide access for the more than 6,000,000 visitors expected during Disney World's first year of operation.

During 1966, company Vice-presidents William E. Potter and Jack C. Sayers met with senior representatives of more than 65 major American industries to inform them of potential areas of participation. The response has been most encouraging.

And most importantly, Walt Disney and his design staff at WED Enterprises have begun preliminary planning of the many attractions proposed for Disney World. It is, as Walt himself has said, "an exciting challenge — a once-in-a-lifetime opportunity for everyone who participates."



FUTURE: MINERAL KING

When Walt Disney Productions was chosen in December, 1965 to develop year-round recreation facilities at Mineral King, California, the announcement by Secretary of Agriculture Orville Freeman was greeted by great interest and enthusiasm, both within and outside the company.

An alpine wonderland of vast natural beauty in the High Sierra, Mineral King has been virtually isolated from the public. Despite its central location in California (about equidistant from Los Angeles and San Francisco) only a handful of people have been able to reach its majestic valley and snow-capped winter ski country.

Throughout the past year, the company's efforts toward making Mineral King available for public use and appreciation has centered in gaining commitments for an all-weather access road. Forest Service procedure requires assurance of such commitments during the three-year term permit granted Walt Disney Productions. At the completion of these arrangements — and finalizing of plans for the company's development of Mineral King — the Forest Service will issue a 30-year lease.

In October, 1966, the federal Economic Development Administration approved the grant of \$3 million to help construct the new road, as requested by the California Department of Public Works. The contract implementing this grant is now being negotiated. Subsequently, an access corridor through proposed wilderness regions was recommended by the National Park Service. However, at a public hearing in November, preservationist groups opposed an access road into Mineral King.

The public, however — including California's highest elected officials and many newspapers — rallied in support of Walt Disney's plans. In an editorial headlined "Obstructionism at Mineral King," the Los Angeles *Times* expressed public sentiment:

"Disregarding the millions who might be able to enjoy an accessible Mineral King, (preservationist groups) demanded that the valley be kept in a pristine state . . . Such a belated proposal should be rejected promptly by the appropriate federal agencies. Approval would be an act of bad faith toward the successful bidder. Far more important, it would be breaking faith with the public for whom the land is held in trust for the best possible use."

California Governor Ronald Reagan, Lt. Governor Robert Finch, U.S. Senator George Murphy and former Governor Edmund G. Brown have all gone on record favoring the Disney plan, as have Jesse Unruh, Speaker of California's Assembly; Hugh Burns, the State's senate leader; and many governmental, civic, sports, business and professional organizations.

Walt Disney's \$35 million plan at Mineral King calls for a self-contained village, ski-lifts and overnight accommodations for use year-round. In 1969, according to the present timetable, the road contingency will have been met and construction would begin on initial elements. Opening date would be 1971, when the new road would be completed.

The past year also saw the beginning of an intensive winter survey of snow, water and geological conditions at Mineral King.

Walt Disney Productions

PARENT COMPANY

Walt Disney Productions
500 So. Buena Vista Street, Burbank, California
Produces motion pictures for theatrical and television distribution — operates Disneyland Park — operates Celebrity Sports Center — conducts ancillary activities.

DOMESTIC SUBSIDIARIES

Buena Vista Distribution Company, Inc.
Irving H. Ludwig — President
Distributes, syndicates and sells only the product of Walt Disney Productions comprised of 35mm theatrical film, 16mm film, television shows and records and albums.

Buena Vista International, Inc.
Edmund F. Clarke — President
Supervises the distribution of Walt Disney Productions 35mm theatrical film, 16mm film and television shows in foreign countries.

Walt Disney Music Company
James A. Johnson — President
Music Publishing — ASCAP affiliate.

Wonderland Music Company, Inc.
James A. Johnson — President
Music Publishing — BMI affiliate.

WED Enterprises, Inc., and its subsidiary MAPO, Inc.
Orbin V. Melton — President
Imagineers, creates, designs and fabricates new projects.

Compass East Corporation
Roy O. Disney — President
Florida Project

STOCK TRANSFER AGENTS: Bank of America, N.T. & S.A., Los Angeles, California; Bankers Trust Company, New York, N.Y.

STOCK REGISTRARS: United California Bank, Los Angeles, California; First National City Bank, New York, N.Y.

STOCK EXCHANGES: The common stock of the Company is listed for trading on the New York and Pacific Coast Stock Exchanges.

AUDITORS: Price Waterhouse & Co., Los Angeles, California.

ANNUAL MEETING OF STOCKHOLDERS: First Tuesday in February at the offices of the Company, 500 South Buena Vista Street, Burbank, California.

This report is distributed for the information of stockholders and employees of the Company. It is not to be considered either as a prospectus or circular in connection with the purchase and/or sale of securities nor is it to be considered a part of the proxy soliciting material of the Company for the annual meeting of its stockholders.

THE PRESIDENT'S LETTER

This is the sixth year in succession in which the company has experienced new highs in net income and gross revenues.

For the fiscal year (52 weeks) ended October 1, 1966, net income after taxes rose to \$12,392,000 from the previous high in 1965 of \$11,379,000. This represents \$6.34 per share for 1966 and \$6.08 for 1965 on the shares outstanding at each year end.

Gross revenues in 1966 were just over \$116 million as against just under \$110 million in 1965. Revenues from theatrical films, television, Disneyland Park and other entertainment activities increased over the prior year. While not included in the statement of consolidated income until received in U.S. dollars, it is also significant to note that our foreign business around the world is steadily growing.

The strength of our company today reflects the acceptance throughout the world of our concepts in entertainment and merchandising. To take full advantage of this situation requires a high degree of cooperation from our employees and stockholders, for which we are grateful.

Important in this regard is the company policy of returning substantial portions of our gross revenues into new high-calibre theatrical and television films; continuing expenditures for research and development of unique entertainment methods and potential new areas of activity; and investing a major part of our cash flow in new facilities.

Pictures in current release are performing well and our agreement with the National Broadcasting Company to telecast Walt Disney's *Wonderful World of Color* has again been extended through the television year ending in September, 1969. We have noted the recent substantial prices being paid for the television broadcasting of feature motion pictures and are evaluating how this new potential or trend might apply to our theatrical product. Revenues from films and television should continue good for the current and next year.

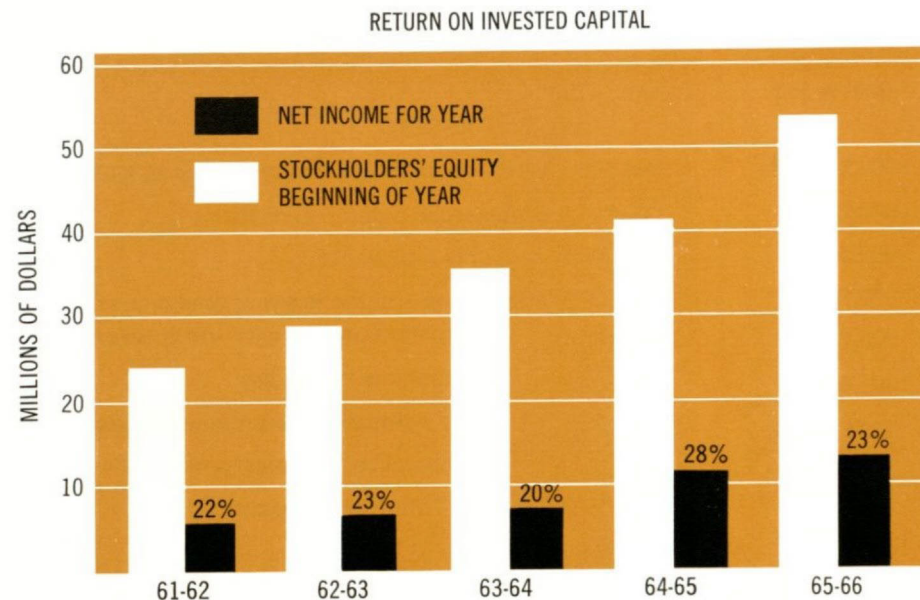
Major new capital asset additions totaling \$22,008,000 were primarily at Disneyland and included a new area recreating the charm and atmosphere of old New Orleans. Also added was the Primeval

World Diorama and It's A Small World which are improved and expanded attractions of those previously shown at the New York World's Fair. The largest expansion program in the history of Disneyland continues in the current year with major revisions and additions to Tomorrowland presently underway. The continued increased attendance at Disneyland points up the need for this additional capacity. The cash flow resulting from net income and the non-cash charges against income, have permitted this building program to be accomplished with only intermittent bank loans. Disneyland capital additions are included in "Entertainment Attractions and Facilities" on the Balance Sheet due to the nature of the investment and accounting practices. However, they contribute substantially to current revenues and are an important source of our working capital.

It is likely that the annual dividend policy of paying 40¢ per share in cash and 3% in stock, depending on earnings and other factors, will be continued. The stock dividend permits the company to retain funds for the development of the company and yet permits those stockholders who are dependent for income on dividends from their portfolio to convert it to cash (which for this last year was equivalent to approximately \$1.60 per share based on the market value at the date it was declared).

The cash dividends paid this last year aggregated \$771,000. The 3% stock dividend declared on November 11, 1965 was paid to stockholders of record of December 1, 1965 and amounted to 56,342 shares. The Board of Directors, meeting on November 17, 1966, has again declared a quarterly cash dividend of 10¢ per share and a 3% stock dividend payable on January 1, 1967 to stockholders of record on November 30, 1966.

Over the years since 1957, the company has paid stock dividends totaling 392,804 shares of its common stock and these represented the equivalent of \$14,941,000 based on the market price of the stock on the various dates the stock dividends were declared. This chart illustrates the soundness of our dividend policy in light of the company's growth during recent years.



Your attention is directed to the description of the various phases of our business which can be found in the preceding pages of this report. All of the company's operations are profitable in about the same ratio as each contributes to the consolidated gross income, except Celebrity Sports Center in Denver, Colorado. Celebrity produces a gross profit which is not sufficient to cover its substantial depreciation charges, but which adds to the company's cash flow. It has suffered, along with the rest of the industry, by the decline in the public's interest in bowling, coupled with an over-built condition which has resulted in cut-price competition. A fine young management team is dedicated to improving its performance with encouraging results. The operation also serves as a vehicle for management development and, to some extent, for research in new methods.

The tenor of this entire report is enthusiasm for the future and the anticipation of new growth and development. We look forward to next year when we should be able to report another good year for the company.

December 9, 1966
Burbank, California

Roy D. Disney

President and
Chairman of the Board

CONSOLIDATED BALANCE SHEET

ASSETS

	Oct. 1, 1966	Oct. 2, 1965
CURRENT ASSETS		
Cash — including time deposits of \$600,000 and \$4,700,000	\$ 3,417,000	\$10,587,000
Commercial notes — at cost	—	2,000,000
Accounts receivable	2,233,000	3,636,000
Inventories — at the lower of cost or market (note 2)		
Completed productions — less amortization	9,048,000	9,137,000
Productions in process	19,935,000	15,737,000
Story rights and pre-production costs	1,180,000	1,009,000
Merchandise, materials and supplies	2,277,000	1,395,000
Total current assets	<u>38,090,000</u>	<u>43,501,000</u>
 PLANT AND EQUIPMENT — at cost		
Entertainment attractions and facilities	48,346,000	40,278,000
Studio buildings, equipment and other properties	24,807,000	19,346,000
Land — (note 3)	11,651,000	11,406,000
Less: Accumulated depreciation	<u>(28,702,000)</u>	<u>(31,228,000)</u>
	<u>56,102,000</u>	<u>39,802,000</u>
 OTHER ASSETS		
Patents — at cost less amortization	2,261,000	2,505,000
Investments in foreign subsidiaries not consolidated — (note 1)	166,000	166,000
Cash surrender value of insurance on lives of officers	640,000	599,000
Sundry other assets and deferred charges	1,207,000	1,581,000
	<u>4,274,000</u>	<u>4,851,000</u>
	<u>\$98,466,000</u>	<u>\$88,154,000</u>

See notes to the financial statements on page 33

Walt Disney Productions and Domestic Subsidiaries

LIABILITIES
AND
STOCKHOLDERS
EQUITY

	Oct. 1, 1966	Oct. 2, 1965
CURRENT LIABILITIES		
Instalments due within year on notes payable	\$ 1,532,000	\$ 1,552,000
Accounts payable	6,711,000	5,842,000
Advance under contract	1,000,000	1,000,000
Payroll and employee benefits	2,632,000	2,427,000
Property, social security and other taxes	2,099,000	1,837,000
Estimated federal income taxes — (note 4)	7,205,000	9,269,000
Total current liabilities	<u>21,179,000</u>	<u>21,927,000</u>
 UNEARNED DEPOSITS AND RENTALS	 <u>2,153,000</u>	 <u>2,426,000</u>
 LONG TERM LIABILITIES		
Unsecured note — less current instalment (note 3)	5,000,000	6,250,000
Secured notes — less current instalments (note 3)	1,450,000	1,793,000
Deferred compensation	961,000	808,000
	<u>7,411,000</u>	<u>8,851,000</u>
 ESTIMATED DEFERRED FEDERAL INCOME TAXES — (note 4)	 <u>2,150,000</u>	 <u>1,825,000</u>
 STOCKHOLDERS EQUITY — per accompanying statement		
Invested capital — (note 6)	26,760,000	22,842,000
Accumulated earnings — (notes 3 and 6)	38,813,000	30,283,000
	<u>65,573,000</u>	<u>53,125,000</u>
	<u>\$98,466,000</u>	<u>\$88,154,000</u>

See notes to the financial statements on page 33

STATEMENT OF CONSOLIDATED INCOME

	Year Ended	
	Oct. 1, 1966	Oct. 2, 1965
INCOME — (note 7)		
Theatrical films	\$ 55,756,000	\$ 53,076,000
Television	7,902,000	7,818,000
Disneyland Park and other entertainment activities	41,466,000	35,421,000
Other — publications, merchandising, music and records	11,419,000	13,632,000
Total income	<u>116,543,000</u>	<u>109,947,000</u>
COSTS AND EXPENSES		
Amortization of theatrical and television production costs — (note 2) . . .	10,692,000	12,704,000
Distribution costs — prints, advertising, etc.	21,869,000	20,101,000
Costs of Disneyland Park and other entertainment activities	38,079,000	31,492,000
Costs applicable to other income	7,977,000	9,747,000
General, administrative and selling expenses	12,805,000	11,240,000
Interest	1,067,000	683,000
Stories and pre-production costs abandoned	1,562,000	2,451,000
Estimated federal income taxes — (note 4)	10,100,000	10,150,000
Total costs and expenses	<u>104,151,000</u>	<u>98,568,000</u>
NET INCOME FOR THE YEAR	<u>\$ 12,392,000</u>	<u>\$ 11,379,000</u>
EARNINGS PER SHARE (on shares outstanding at each year end)	\$6.34	\$6.08

See notes to the financial statements on page 33

STOCKHOLDERS EQUITY

	Year Ended	
	Oct. 1, 1966	Oct. 2, 1965
INVESTED CAPITAL — (note 6)		
At beginning of year	\$22,842,000	\$19,341,000
Stock dividends — market value of 56,342 and 53,628 shares issued . . .	3,091,000	2,512,000
Stock options — proceeds from exercise of 27,313 and 32,059 shares . . .	<u>827,000</u>	<u>989,000</u>
At end of year	<u>26,760,000</u>	<u>22,842,000</u>
ACCUMULATED EARNINGS		
At beginning of year	30,283,000	22,153,000
Net income for the year	12,392,000	11,379,000
Dividends paid		
In cash	(771,000)	(737,000)
In stock	<u>(3,091,000)</u>	<u>(2,512,000)</u>
At end of year — (notes 3 and 6)	<u>38,813,000</u>	<u>30,283,000</u>
TOTAL STOCKHOLDERS EQUITY	<u>\$65,573,000</u>	<u>\$53,125,000</u>
REPRESENTED BY		
Common shares (\$2.50 par value)		
Authorized	3,000,000	3,000,000
Issued and outstanding	<u>1,953,752</u>	<u>1,870,097</u>

See notes to the financial statements on page 33

SOURCES AND USES OF CONSOLIDATED WORKING CAPITAL

	<i>Year Ended</i>	
	<i>Oct. 1, 1966</i>	<i>Oct. 2, 1965</i>
WORKING CAPITAL CAME FROM		
Net income for the year	\$12,392,000	\$11,379,000
Plus non-cash charges to income account		
Depreciation	5,556,000	7,324,000
Patents amortization	244,000	150,000
Deferred compensation	153,000	107,000
Deferred federal income taxes	325,000	—
Proceeds from exercise of stock options	827,000	989,000
Long term borrowings	—	1,793,000
	<u>19,497,000</u>	<u>21,742,000</u>
WORKING CAPITAL WAS USED FOR		
Additions to plant and equipment		
Disneyland attractions	20,599,000	5,269,000
Other plant and equipment	1,164,000	2,757,000
Land	245,000	5,063,000
	<u>22,008,000</u>	<u>13,089,000</u>
Patents purchased	—	2,655,000
Payments on long term borrowings	1,593,000	2,500,000
Cash dividends	771,000	737,000
Other	<u>(212,000)</u>	<u>(591,000)</u>
	<u>24,160,000</u>	<u>18,390,000</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>(\$4,663,000)</u>	<u>\$3,352,000</u>
WORKING CAPITAL AT END OF YEAR	<u>\$16,911,000</u>	<u>\$21,574,000</u>

See notes to the financial statements on page 33

NOTES TO THE FINANCIAL STATEMENTS

Note 1 PRINCIPLES OF CONSOLIDATION

The accounts of domestic subsidiaries, all wholly-owned, have been consolidated in the accompanying financial statements and all significant intercompany transactions have been eliminated.

The accounts of foreign subsidiaries have not been consolidated. These companies produce and distribute pictures, carry on the company's character merchandising business and publish music in various foreign countries. At October 1, 1966 these subsidiaries had total assets of \$2,836,000 and net assets of \$1,113,000. The company's equity in these net assets exceeded the carrying value of its investments therein by \$949,000. During the year ended October 1, 1966 the net income of these unconsolidated subsidiaries amounted to approximately \$470,000 and the dividends received from them totaled \$205,000.

Note 2 INVENTORIES AND FILM AMORTIZATION

Costs of completed theatrical and television productions are amortized by charges to income in the proportion that the producer's share of income (less distribution, print, employee participation and advertising costs) received by the company for each production bears to the estimated total of such income to be received. Such estimates of total income are reviewed periodically and amortization is adjusted accordingly.

Note 3 LONG TERM LIABILITIES

The unsecured note is payable in instalments of \$1,250,000 each year to 1971 with interest at 5.9% per annum. The agreement underlying the note contains a requirement for the company and its domestic subsidiaries to maintain a minimum \$10,000,000 working capital. Also, under the loan agreement \$14,773,000 of the accumulated earnings at October 1, 1966 were not available for payment of cash dividends.

The secured notes are payable in instalments with varying maturities to 1975 with interest payable at rates

varying from 4% to 6%. These notes are secured by land costing \$3,337,000.

Note 4 ESTIMATED FEDERAL INCOME TAXES

The Internal Revenue Service has completed its examination of the company's income tax returns for fiscal years 1957 through 1962 and has proposed additional assessments generally relating to the timing of certain deductions and the appropriateness of certain tax credits claimed by the company during the periods under examination which the company is contesting. The Internal Revenue Service is also currently examining the company's income tax return for fiscal year 1963. Provision has been made in the financial statements for all taxes believed to be payable for all open years.

The "Estimated Deferred Federal Income Taxes" on the accompanying balance sheet represents taxes which will not become payable until some future year as a result of using an accelerated depreciation method for tax purposes and the straight line method for financial statement purposes.

Note 5 PENSION PLANS

The company has a pension plan covering substantially all of its employees not covered separately by various union or industry pension plans. The plan is funded by company and employee contributions to a trust administered by a bank. Contributions by the company for the year of \$277,000 include \$119,000 toward payment of the actuarially computed past service cost under a schedule which will require approximately 7 more years to complete. The company has no past service liability under the various union and industry plans.

Note 6 STOCKHOLDERS EQUITY

A 3% stock dividend paid to holders of record on December 1, 1965 resulted in a \$3,091,000 transfer from accumulated earnings to invested capital. Subsequent to the year end, a 3% stock dividend was declared to holders of record on November 30, 1966.

Stock options were granted in 1962 to executive, management and key creative personnel at prices of \$34.91 per share and \$26.96 per share, which prices were 95% of the fair market value of the stock on the dates the options were granted. The options granted were exercisable one-fourth each year beginning in 1963 on a cumulative basis. At October 1, 1966 all remaining options were exercisable and they will expire if not exercised during the next year.

The plan includes an anti-dilution provision so that shares are added at no cost for the 3% stock dividends which have been paid since the options were granted. The following reflects the transactions occurring in the plan for the year.

	Options Shares Granted	Dividend Shares	Total
At October 2, 1965 (42,330 were exercisable)	63,121	6,157	69,278
Added for December 1, 1965 3% stock dividend		1,838	1,838
Cancelled by employment terminations, etc.	(2,728)	(1,221)	(3,949)
Exercised during the year	(24,681)	(2,632)	(27,313)
At October 1, 1966 (all exercisable)	<u>35,712</u>	<u>4,142</u>	<u>39,854</u>

Note 7 METHOD OF ACCOUNTING FOR REVENUE

The company records foreign income at the time of receipt of remittances in United States dollars or at the time of expenditures of foreign currencies abroad for the account of the company. At October 1, 1966 and October 2, 1965, there were at current rates of exchange approximately \$2,386,000 and \$3,839,000 (before employee participation, film production cost amortization and income taxes) in foreign countries representing income which has not been recorded as assets or as income in the accompanying statements.

Opinion of
Independent
Accountants

To the Board of Directors and Stockholders of Walt Disney Productions

In our opinion, the accompanying consolidated balance sheet, the related statements of consolidated income and stockholders equity and the statement of sources and uses of consolidated working capital present fairly the financial position of Walt Disney Productions and domestic subsidiaries at October 1, 1966, the results of their operations and the supplementary information on sources and uses of working capital for the year (52 weeks), in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Los Angeles, California
December 9, 1966

PRICE WATERHOUSE & CO.

A FIVE YEAR SUMMARY—IN THOUSANDS OF DOLLARS

FISCAL YEARS ENDED SEPTEMBER 30

1966

1965

1964

1963

1962

OPERATIONS:

Total income	116,543	109,947	86,651	81,922	75,612
Costs and expenses					
Amortization of production costs	10,692	12,704	14,520	16,146	15,586
Interest	1,067	683	805	1,170	916
Other costs and expenses	82,292	75,031	58,577	51,932	48,196
Estimated federal income taxes	10,100	10,150	5,692	6,100	5,650
Total costs and expenses	104,151	98,568	79,594	75,348	70,348
Net income	12,392	11,379	7,057	6,574	5,264
Net income per share (on shares at each year end)	6.34	6.08	3.96	3.81	3.14
Number of common shares	1,954	1,870	1,784	1,728	1,675

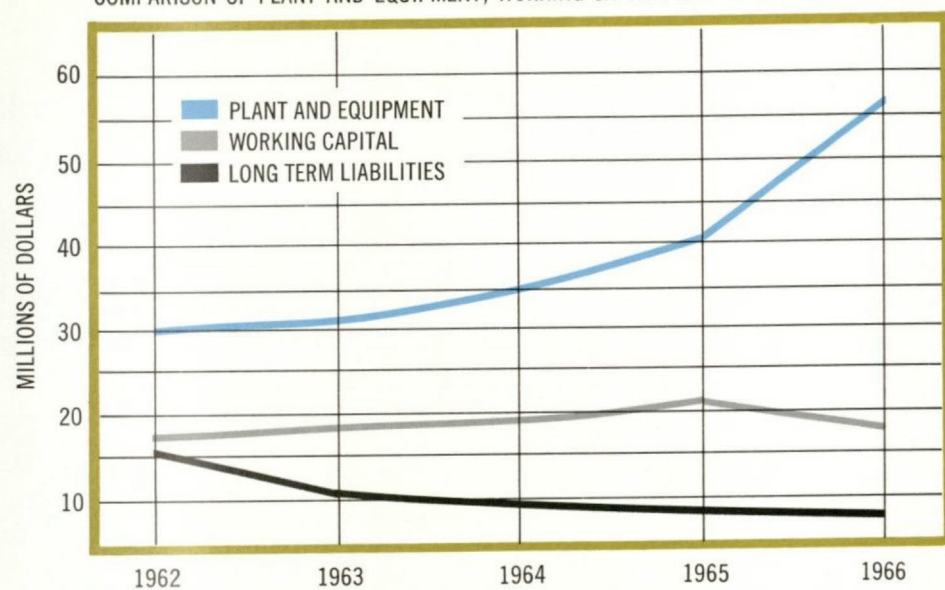
FINANCIAL CONDITION:

Current assets	38,090	43,501	31,720	34,326	31,921
Current liabilities	21,179	21,927	13,499	16,204	14,861
Net working capital	16,911	21,574	18,221	18,122	17,060
Plant and equipment less accumulated depreciation	56,102	39,802	34,306	30,979	30,193
Other assets	4,274	4,851	1,857	1,515	1,469
Unearned deposits and rentals	2,153	2,426	1,589	1,840	2,273
Long term liabilities	7,411	8,851	9,451	11,798	15,505
Estimated deferred federal income taxes	2,150	1,825	1,850	1,980	1,920
Stockholders equity	65,573	53,125	41,494	34,998	29,024
Net equity per common share (on shares at each year end)	33.56	28.41	23.25	20.26	17.33

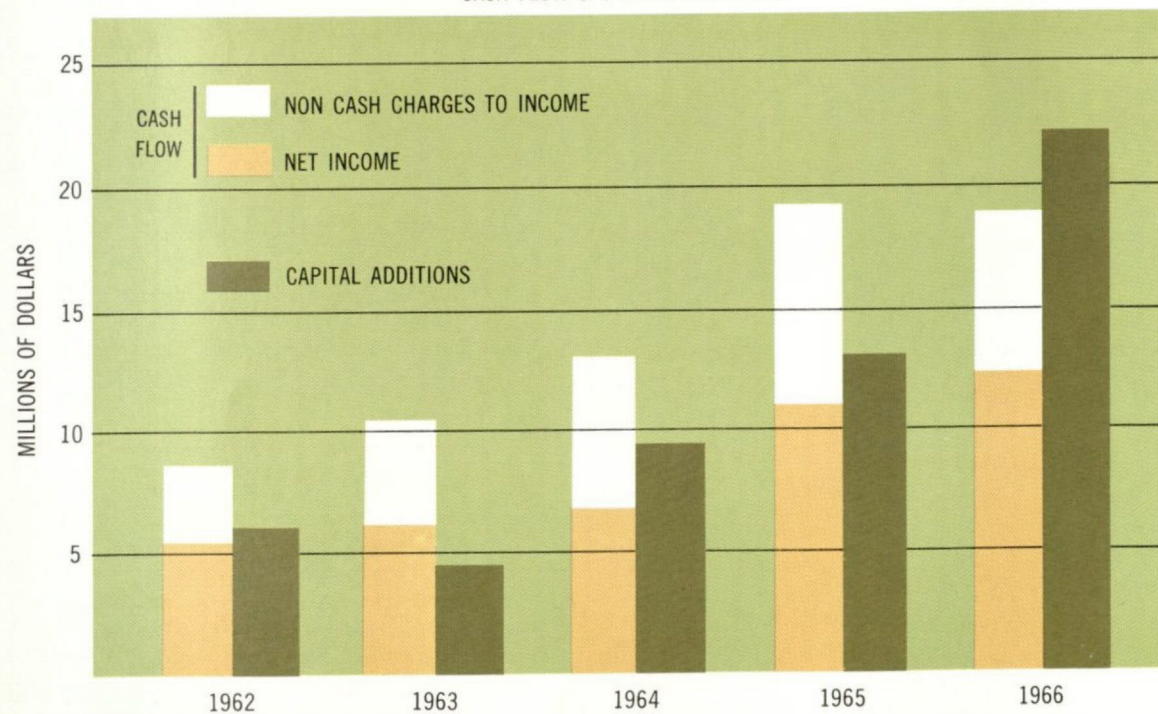
STOCKHOLDERS EQUITY REPRESENTED BY:

Invested capital	26,760	22,842	19,340	16,992	15,584
Accumulated earnings	38,813	30,283	22,154	18,006	13,440
Total stockholders equity	65,573	53,125	41,494	34,998	29,024

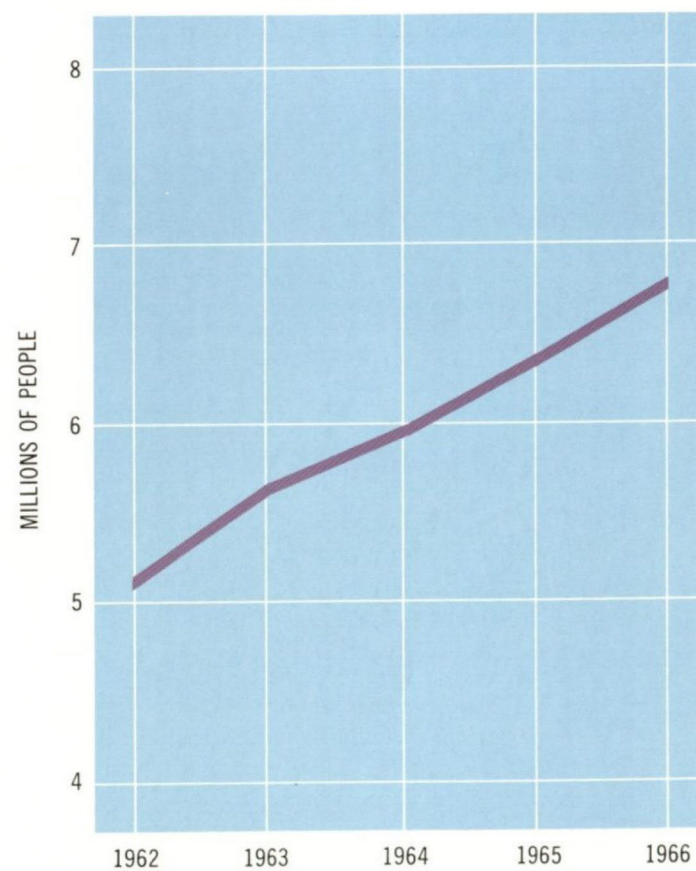
COMPARISON OF PLANT AND EQUIPMENT, WORKING CAPITAL AND LONG TERM LIABILITIES



CASH FLOW & CAPITAL ADDITIONS



DISNEYLAND ATTENDANCE



August 29, 1966

Mr. Walt Disney
c/o Walt Disney Productions, Inc.
Burbank, California

Dear Mr. Disney:

I know that over the years since Disneyland has been in operation you have received many such letters as this, but I feel that I should add mine to the list. As I approach my sixteenth birthday, I find that I have visited Disneyland twenty six times in the past nine years. Yet every time that I have been there, the new experiences that I've found, have never ceased to fascinate me. I look forward to every upcoming trip just as much, if not more, before it. I know that it is impossible to have Disneyland.

Late 19th century prescription counter in the Upjohn Pharmacy

1840 France, bust of Hippocrates to 1800.

Mr. Walt

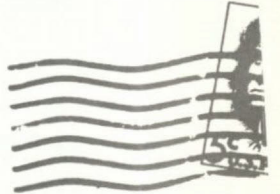
I saw a lot
of happy
faces -
Thanks to
you -

THE UPJOHN COMPANY

Upjohn



medicines... designed for health... produced



Mr. Walt Sle.

?

I

Mr. Walt Disney
Pardon me for interrupting your work.
I'm a Japanese girl and 17 years.
I attend to Kumagaya girls High-
school.

In Japan we have "Disney program"
once in two weeks. It is very interes-
ting. and I heard that "The wo-
ld Fair" have been on...

2700 W. 82 St.
Inglewood, Calif. 90305
Aug. 29, 1966.

Mr. Walt Disney,
Anaheim, Calif.

Dear Mr. Disney:

My husband and I spent the day at Disneyland last week celebrating
our 32nd Anniversary and I want you to know we both enjoyed
every minute of it there.

We have been over to Disneyland many times for we think you
are a very clean place and we always encourage our
children to take them but this year we have
never seen before.

LIONS CLUB OF SOUTH NAGPUR

44, Chhatate Chamber-
Wardha

We spoke with people from Guatemala,
British Columbia, Canada, rode the subma-
rines, beside four Japanese gentlemen snappers
constant pictures through the port holes,
we met people from France and Spain.
It is a magic kingdom. We saved

1966: WORLD-WIDE DISNEY IMPACT

Each year, the Disney audience 'round the world continues to grow. For 1966, the world-wide impact of Disney entertainment and its associated products included:

- 240 MILLION PEOPLE** who paid and saw a Disney feature motion picture;
- 100 MILLION PEOPLE** each week who watched a Disney television show;
- 800 MILLION PEOPLE** who read and heard Disney stories in books and magazines;
- 50 MILLION PEOPLE** who listened and danced to Disney music and records;
- 80 MILLION PEOPLE** who bought Disney licensed merchandise;
- 150 MILLION PEOPLE** weekly who read and heard Disney comic strips in daily and Sunday newspapers;
- 80 MILLION PEOPLE** in schools, industry and churches who watched Disney health, travel and safety films; and more than
- 6.7 MILLION PEOPLE** who participated in the personal adventure of a day at Disneyland.

Yet, with all this coordinated entertainment impact upon the world's population, the measure of Disney is far more than numbers can ever say. The impact of Disney upon people the world over is in their hearts and minds, through the A-B-C's—acceptance by people of all ages... belief by people in all lands... and the wholehearted confidence of people everywhere.

Dear Mr. Disney:

Thank you for being. You have made this world a better place. I have returned after four days at Disney Land with my three little girls, 10, 9 and 7. How magnificent you are. We are.



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eber Herr Disney!

Ihnen für Ihre vielen
Sie waren sehr lustig.
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Dear

Mr. Disney,
I saw It's A Small
World and the GE exhibit at
the World's Fair. It was
beautiful. You must have worked
hard.

Th

Rob

Oct. 16, 1966
Shawnee, OK
Mr. Walt Disney,
Wonderful World of Color.

Dear Sir:

After seeing the
Wonderful World of Color,
today, I want to say,
"Thank you" for presenting
to us, such different,
wonderful pictures for
children and adults.

As a teacher, I
say, "Thank you" for
giving us pictures we
can say are interesting
and entertaining. And, as
a teacher, I want to
say thank you for giving

July 15, 1964



MINISTÉRIO DA EDUCAÇÃO E CULTURA
ESCOLA TÉCNICA FEDERAL DE PELOTAS

ESCOLA TÉCNICA FEDERAL DE PELOTAS
Praça 20 de Setembro

Walt Disney Productions

Patroon-in-Chief:
Mr. S. RADHAKRISHNAN

Honorary Patrons:
SMT. INDIRA GANDHI
SHRI GANGARAM KAULA

President:
SHRI RADHA RAMAN

Indian Council for Child Welfare
(Affiliated to the International Union for Child Welfare, Geneva)
4, Rouse Avenue, New Delhi-1

Grams: "CHILCARE" New Delhi, Phone: 273063 Ref. No. P-17/66/6543
Date 20th May 1966

LOOK TO THE NAME *Walt Disney* FOR THE FINEST IN FAMILY ENTERTAINMENT

